20 April 1955

NSC BRIEFING

D-R-A-F-T

MEANING OF NEW SOVIET MOVE RE AUSTRIA

- I. We believe that new Soviet offer of peace treaty to Austria made in all seriousness.
- A. Although Soviets can still stick in gimmick at last minute (tying treaty to German issue or seeking right of post-treaty as intervention), indications so far are that Soviets intend to go through' with treaty.
- If Soviets do so, this is a highly significant development and indicates new flexibility in Soviet policy since death of Stalin.
- A. Move would mark first substantial Soviet concession since end of World War II. While we have always estimates USSR position in Austria not vital to Soviets, we have previously considered USSR would (as Molotový said at Berlin) tie Austrainesstheis Austrian settlement to larger one on Germany.
- B. Fact USSR now apparently willing to reverse long standing policy of procrastination on Austria and settle Austrian treaty separately indicates in our view the Soviet concern at recent international

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developments.

CONFIDENTIAL

- A. Bohlen reports after recent talk with Bulganin his impression of "greater degree of uncertainty and even concern in Soviet government at general international situation."
- III. Causes of apparent Soviet policy reveral many and complex, but chief among them is probably Soviet concern over situation created by ratification of Paris accords.
 - A. Our NIE's have emphasized that Soviets preoccupied with threat of a rearmed, pro-Western Germany. French ratification of Paris accords must have been blow to USSR and probably forced it to make move on Austria in order to restore its maneuverability on German question. Kremlin must estimate that reunification plus neutralisation on Austrian model will have powerful appeal to West Germans and will lead to West German pressure for postponement of rearmament while new negotiations take place. Soviets can still play it both ways. If Austrian move has hoped for repercussions dn German question, Soviets can go through with treaty; if it fails to have desired impact they can renege at last minute, attempting to blame West for failure to play ball.



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- B. We believe that threatening situation in Far East and Soviet desire to reinforce neutralist opposition to US Far East policy also a factor in USSR's Austrian gambit but disagree with Walter Lippmann's article (Wash Post, 19 April) that Soviet desire to neutralise and protect is European rear in case of FE hostilities was dominant Soviet motive. USSR at least as much, if not more, concerned over European as over FE problems.
 - C. Another factor in Austrian move many have been Soviet desire to insure Austrian neutralization. Given likely Soviet suspicions that US plans bases in Western Austria, USSR may have been willing to pay price for Swiss-type neutrality. Perhaps Soviets are moving toward broader buffer zone of neutral states as counter to US "encirclement."
- IV. A major lesson to be drawn from Soviet acceptance of Austrian settlement (if it goes through) is new flexibility of Soviet policy and possibility of further moves. Austrian move may reflect uncertainty of new collegial Soviet leadership and its concern over recent trend of cold war.

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SECRET

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A. In background may be Soviet worry over nuclear arms race, despite Moscow's repudiation of Malenkov March 1953 remark that World War III could mean end of civilization. For example, Mikoyan told Austrian State Secretary Kreisky that Soviet development of A-bombs had involved frightful cost to USSR.

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